"SRF Limited
Q4 & FY25 Earnings Conference Call"
May 13, 2025

MANAGEMENT: **MR. ASHISH BHARAT RAM** – CHAIRMAN AND MANAGING DIRECTOR, SRF LIMITED
MR. RAHUL JAIN – PRESIDENT AND CHIEF FINANCIAL OFFICER, SRF LIMITED
MS. NITIKA DHAWAN – HEAD CORPORATE COMMUNICATIONS, SRF LIMITED

MODERATOR: **MR. ANKUR PERIWAL** – AXIS CAPITAL

SRF - General [Internal Use] - This mail, document is for general internal use in SRF

Moderator: Ladies and gentlemen, good day and welcome to SRF Limited Q4 and FY25 Earnings Conference Call.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ankur Periwal. Thank you and over to you, sir.

Ankur Periwal: Good afternoon to everyone and thank you for joining us today for this call. We at Axis Capital Limited are pleased to host SRF Limited's Q4 and FY25 Post Results Conference Call. We have with us today, Mr. Ashish Bharat Ram, Chairman and Managing Director, and Mr. Rahul Jain, President and CFO, of SRF Limited.

I would now like to invite Ms. Nitika Dhawan, Head of Corporate Communications at SRF, to initiate the proceedings for the Results Con-Call. Over to you, Nitika.

Nikita Dhawan: Good afternoon, everyone. And welcome to SRF Limited Q4 and Financial Year 2025 results conference call. We are pleased to have you join us today.

On the call we have our Chairman and Managing Director – Mr. Ashish Bharat Ram, along with our President and CFO – Mr. Rahul Jain.

To begin, our CMD will share insights into the Company's Performance during the Financial Year 2025, followed by an overview of our strategy, business outlook and growth plans. After these remarks, we will open the floor for a Q&A session with our CFO.

Please be reminded that any statements made regarding our outlook are forward-looking and are covered by a disclaimer included in the earnings presentation shared with you earlier.

Without further ado, I invite our CMD – Mr. Ashish Bharat Ram, to deliver the opening remarks. Thank you.

Ashish Bharat Ram: Good afternoon to all of you. I extend a warm welcome to all of you and thank you for joining us today for SRF's Financial Year 2025 Earnings Conference Call. I trust all of you have had the opportunity to go through our Results and the Presentation shared with you earlier.

The Fiscal Year 2025 has been a journey of overcoming challenges and achieving significant milestones. The year began on a difficult note, primarily due to the ongoing environment in the Chemicals business, which impacted sales in both our specialty and fluorochemical segments. Despite these initial hurdles, we remained confident of our revival in the second half of the fiscal year. As projected, we have done very well in half two, especially in the 4th Quarter. Having said that, we are still navigating through uncertain times, geopolitical tensions are rising, the uncertainty around tariffs from the US remains, and there is a chance that we could see global growth slowing down.

SRF - General [Internal Use] - This mail, document is for general internal use in SRF

Let me now share with you my thoughts on the business performance in the fiscal year gone by and the growth opportunities that lie ahead. Fiscal Year 2025 saw distinct challenges, offering significant opportunities for growth and resilience. During this period, SRF's revenue increased by 12% to Rs. 14,700 crore compared to the corresponding period last year. The Company's EBIT rose by 6% to Rs. 2,336 crore over the corresponding period over last year. However, the Company's PAT decreased 6% to Rs. 1,250 crore over the last year.

Moving to my viewpoint on the performance and outlook of each of our three markets leading businesses now.

I will begin with the Chemicals business.

The performance of the Chemicals business can be categorized by two distinct periods. In the first half, margins were adversely affected by challenging market conditions. However, the revenue has increased in the second-half with a particularly strong performance in the 4th Quarter.

Regarding capital expenditure in Financial Year 2025, the Chemicals business invested approximately Rs. 700 crore on various debottlenecking and expansion projects. Going forward, we will return to a higher level of capital expenditure intensity consistent with our future aspirations. Overall, during the Fiscal Year 2025, the Chemicals business achieved a 6% increase in revenue amounting to Rs. 6,691 crore.

More specifically, in the Specialty Chemicals business, in H1 Financial Year 2025 we witnessed tough market conditions. The prolonged inventory destocking cycle from our customers resulted in pricing pressures for some of our products. On a quarter-on-quarter basis, we have done significantly better in the 4th Quarter of Financial Year 2025 when compared to the 3rd Quarter. While the broader industry continues to witness challenges emanating from the agrochemical market, our performance was strong, driven by positive traction from recently launched products, and a gradual pickup in demand for some key agrochemical intermediates which was deferred earlier.

Our cost competitive pricing strategies and robust export market performance further supported revenue growth. While we may encounter short term challenges from China in the Specialty Chemicals business, we will continue to implement effective countermeasures. Specialty Chemicals business has prioritized advancing customers' new products and their developmental projects. Aligned with our objectives, we launched five new products in the agrochemical segment and three in the pharmaceutical segment during the Fiscal Year 2025.

Efforts have been made to optimally utilize production capacities for existing products and to optimize cost structures for greater product efficiency. Both the Bhiwadi and Dahej sites have continued to improve operational efficiency while managing an expanded portfolio of innovative products. Specialty Chemicals business expertise in novel chemistries has grown, and progress in the pharmaceutical sector has been encouraging.

SRF - General [Internal Use] - This mail, document is for general internal use in SRF

One key area which has redefined this business has been our implementation of debottlenecking projects. I can say with confidence that with all the minor capex's that we have incurred over the past 18 months, our overall capacity of this business has increased by close to 30%.

SRF's chemical technology group exemplifies leadership that's continuously driving innovation, developing advanced chemistries and building cost effective rules for existing and next generation products in the specialty chemicals and Fluorochemicals businesses. SRF continues to invest in R&D to create enhanced capability, and on that count over Rs. 150 crore were spent during Financial Year 2025. In Financial Year 2025, our chemical technology group worked on over 50 molecules, successfully scaled up many products, filed 38 patents, and had two patents granted, bringing the total to 151 patents granted.

Moving forward, with the strong pipeline and strong relationship we have with the agrochemical customers, we anticipate a better performance in the upcoming fiscal year. We have received registration for some of our future active ingredients and are hopeful of ramping up sales for some of these products during Financial Year 2026 as customer demand for these picks up.

We have a fundamentally positive outlook in this business. We believe that regardless of the situation in China, we will be able to maintain or increase our market share and move up the value chain. Having said that, we continue to operate in a VUCA environment, and while we acknowledge that the most challenging times may now be behind us, we are still not in calm waters. Pricing pressures from China continue and we will have to wade through these waters.

Coming to our Fluorochemicals business. Financial Year 2025 presented mixed results for this business. The year began with a strong pull in the domestic market, but with margin pressure due to excess inventory coming out of China. However, as the year progressed, more so towards the end of Calendar Year 2024, we observed an increase in prices for refrigerant gases in China, which is a positive development for our business. Additionally, inventory levels in the US have decreased following the implementation of the quota regime. Domestic demand for refrigerants, particularly for room air conditioners remained strong, leading to record high domestic sales in refrigerant gases in H2 Financial Year 2025.

The chloromethane segment achieved stable results during the year.

PTFE is witnessing healthy growth in the domestic market with ongoing trials for free flow and fine cut grades progressing as planned. We are also preparing for commercial sales of fine cut products targeted at high-end application processors in export markets with expected positive results beginning in Financial Year 2026.

A major milestone was accomplished in the 4th Quarter of Financial Year 2025 with the commissioning of the third AHF plant at Dahej. This development will facilitate the maximization of refrigerant gases production and sales, allowing us to leverage the quota regime effectively.

SRF - General [Internal Use] - This mail, document is for general internal use in SRF

During the year, the Board approved a project to develop fourth generation refrigerants, which is distinguished by the significantly lower global warming potential and reduced carbon footprint. This capex with an estimated investment of Rs. 1,100 crore is slated for completion in around 30 months from the date of approval. The project highlights SRF's leadership as one of the pioneering technology developers in the global refrigerant space. As an Indian Company, we take immense pride in this advanced and ecofriendly technology with a significantly lower carbon footprint and global warming potential, which has been developed in-house. Our robust in-house R&D capabilities, which have been integral to our success for over two decades will enable us to leverage our proprietary processes and technologies to innovate and drive the development of these next generation refrigerants under our own brand. The same is initially looking to target the global markets that are transitioned to these low GWP alternatives, and post 2032 the Indian market as well.

In the future, our focus will be to optimize raw material sourcing, cost saving initiatives, strengthening capabilities and new product portfolio with sustainability as our priority. Overall, the business performance is anticipated to improve over last year with maximum utilization of existing capacities and the commissioning of specialty fluoropolymer plants.

Broadly, I estimate that the Chemicals business as a whole will grow at 20% or so in Financial Year 2026 and build a strong momentum for the years ahead.

Over to the Performance Films & Foil business now. After a detailed strategic planning process, the business has been renamed Performance Films & Foil Business. This new name reflects the business diversification and expansion beyond packaging films. It now includes aluminum foil, ventures into capacitor grade BOPP films, and actively explores growth opportunities in both existing and new areas within the films and foil sector. This name change represents our commitment to innovation, growth and excellence.

During Fiscal Year 2025, the Performance Films & Foil business reported revenue of Rs. 5,554 crore, registering a growth of 24% over the previous year. Financial Year 2025 has been a recovery year for the Performance Films & Foil business. Although market conditions remained challenging, margins improved in both BOPET and BOPP as capacity utilization increased with growing demand and limited supply addition during the year. Overall, the business achieved its highest-ever packed production. With the focus on enhancing profitability, the business commercialized new VAPs in both BOPET and BOPP and significantly increased the sale of high impact VAPs.

Our overseas operations improved this year, driven by better performance from our Hungary unit.

On the capex front, the Board approved the establishment of a new manufacturing facility for the BOPP-BOPE film line in Indore during the year. This project enables us to expand our existing BOPP substrate and VAP offerings and explore the innovative polyolefin BOPE substrate. Furthermore, it aligns seamlessly with our sustainability goals as polyolefin substrates,

SRF - General [Internal Use] - This mail, document is for general internal use in SRF

like BOPP and BOPE are recognized for their eco-friendliness, attributed to their mono-family advantage and recyclability. The estimated cost for this venture is Rs. 445 crore, with operations expected to commence in approximately 25 months from the date of approval.

Work on all upcoming projects, namely the capacitor grade BOPP film, BOPP-BOPE Film and CPP line in India is progressing as per schedule.

The business adheres to its philosophy of easy to do business with, focusing on serving customers effectively every day. Sustainability remains a top priority and is integrated into all our operations. The business is strengthening its portfolio of sustainable product offerings, including products from mono-family structures, BILAM structures and PCR based films.

SRF has completed its registration process for SEZ and DTA units under relevant categories to comply with the plastic waste management rules. Efforts to reduce the carbon footprint include increasing the use of solar power and adopting various energy efficient initiatives in global manufacturing plants.

Going forward, SRF's primary objective will focus on significantly increasing sales of high impact products within BOPP and BOPET through the commissioning of new downstream assets including offline coating machines in India and metallizers in Thailand and India.

Maximizing profitability of the aluminum foil business would be a key area of concentration for the upcoming financial year. With anti-dump duty being levied on cheap Chinese imports, we are better placed to increase domestic pricing going forward. Besides that, we will also leverage our overseas relationships to enhance the sale of aluminum foil. We will maintain our commitment to various sustainability initiatives guided by the 3R approach - reduce, reuse and recycle. The vertical ramp up of the newly acquired CPP line during the year will enhance our sustainable product offerings to customers, leveraging the advantages of mono family production. Additionally, ensuring the smooth commissioning and scaling up of the capacitor grade BOPP film line will be a priority through the year.

Moving to our Technical Textiles business. In Financial Year 2025, the Technical Textiles business recorded revenue of Rs. 2,029 crore. However, the performance was adversely impacted due to weakness in belting fabrics. During the year, Technical Textiles business expanded sales in nylon 66 and PTCF products and consolidated its customer base in belting fabrics. Despite facing margin pressure due to low-cost imports and Lactum price fluctuations, SRF maintained its share in the flat N6 TCF market.

Demand for belting fabrics was lower compared to the previous year due to delays in government spending and lower conveyor belt exports. Cheap imports from China affected the segment margins during the year. During Q4 Financial Year 2025, we successfully commissioned the full BF capacity expansion.

SRF - General [Internal Use] - This mail, document is for general internal use in SRF

Throughout the year, PIY demand remained strong with geotextile and seat belts being key drivers, and the segment performed well compared to the previous year with full capacity utilization.

In terms of sustainability, the business increased its share of renewable power. In Financial Year 2026, markets are expected to remain moderate, and margins will likely be under pressure due to cheap imports from China. Overall, the Technical Textiles business is expected to deliver a similar performance to Financial Year 2025, with the focus on fully utilizing capacities, implementing cost optimization measures, and offering premium and value-added products in belting fabrics.

In other businesses, the coated and laminated fabrics business reported revenues of Rs. 428 crore. SRF retained its market leadership in coated fabrics, overcoming weak demand for food-grade liners with increased sales of other value-added products. The business is expanding its textile capacity with new looms and a warper set to boost profitability next year. Laminated fabrics ramped up its new hot lamination machine but faced challenges due to the minimum import price in Chinese knitted fabric. To address this, the business will produce its own knitted fabric, with new knitting machines expected to be operational in the first quarter of the new financial year. Going forward, we anticipate strong demand for both coated and laminated fabrics. Coated fabrics will focus on ramping up new looms and the warper, expanding its VAPs portfolio and commercializing high tensile strength coated fabrics. And laminated fabrics will aim to fully utilize its fabric knitting machines and lamination machines.

As far as ESG is concerned, corporate citizenship and sustainability are integral components of our business strategy. This focus ensures effective resource optimization and meaningful contributions to the circular economy. At SRF we uphold a high level of sustainability disclosure, enabling us to identify and measure ESG risks accurately, and develop a comprehensive long-term plan for continual improvement in this area.

Our dedication to sustainability has received international recognition. The SRF facilities located in Gummidipoondi and Viralimalai in Tamil Nadu were awarded a bronze medal for Financial Year 2025 by Ecovadis, one of the most esteemed global business sustainability rating agencies. Further information on our ESG journey will be available in our Annual Report.

At SRF Foundation, we believe in the transformative power of education and are deeply committed to making a meaningful impact on the lives of last mile learners. Our corporate social responsibility initiatives are designed to enhance educational access and quality, ensuring that every child can thrive.

In Financial Year 2025, we witnessed remarkable growth in our education programs, driven by unwavering dedication to transforming government schools into model schools. These efforts encompass improvements in infrastructure, digital integration, academic enrichment and school leadership, creating an environment where students can flourish.

SRF - General [Internal Use] - This mail, document is for general internal use in SRF

We are proud to share that the initiatives currently touch the lives of 190,000 students across 490 government schools in 34 regions spanning 13 states and one Union Territory. Our rural education programs have empowered over 2,700 teachers and 490 headmasters with the skills and resources they need to inspire and educate the next generation.

In addition, Financial Year 2025 marked a significant milestone of the laying of the foundation stone for the SRF School, Bharuch. This new institution will address educational needs of the community near the SRF Dahej facility, further extending our commitment to nurturing young minds. Together, we are building a brighter future, one where every child has a chance to learn, grow and succeed.

Concluding my speech - our Balance Sheet remains strong, and with global interest rates trending downward, we expect the benefit of reduced borrowing cost in Financial Year 2026. We are committed to strategic investments for long-term growth.

Reflecting on Financial Year 2025, I am extremely proud of our team's resilience and dedication. Despite uncertainties surrounding tariffs and the VUCA environment, we believe Financial Year 2026 will surpass Financial Year 2025 for the Chemicals business and the Company overall. We are dedicated to driving growth and enhancing stakeholder value in the next fiscal year. While we have done exceptionally well in the 4th Quarter, I would like to remind our participants that we are a seasonal business - in general, our second half performance is substantially better than our first half, and I expect that trend to continue this year as well.

Thank you for your support and confidence in SRF. We look forward to your continued support.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Arjun Khanna from Kotak Mutual Fund.

Arjun Khanna: Congratulations on a great set of numbers. Sir the first question is on the capex. While we did indicate in the opening remarks that we have done debottlenecking, but if I look at capex this year, it's been roughly Rs. 1,230 crore, and if I look at FY23, almost Rs. 2,800 crore and Rs. 2,200 crore in FY24. So just wanted to understand, given that the capex is lower for FY25, are we going to see substantially higher capex in FY26? We have a number of projects such as fluoropolymers, etc. coming online, so I just wanted a sense on that front.

Rahul Jain: Thank you, Arjun, for your question. You are absolutely right; we had said this earlier as well that the capex for FY25 is going to be slightly lower. That's something that has panned out. Although there have been a lot of debottlenecking projects that we have done this year. So to that extent, there is a lot of new capacity that has got created and added. From an FY26 perspective, in our current estimates we believe capex will probably be in the range of Rs. 2,200 crore - Rs. 2,300 crore. We have been judicious about capex going forward. But to a certain extent, yes, the intensity of the capex will increase for FY26. I hope that answers it, Arjun.

SRF - General [Internal Use] - This mail, document is for general internal use in SRF

Arjun Khanna: Sure. Very helpful. Secondly, sir, if one looks at the specialty chemical side, while we did mention we are looking at overall chemical growth of 20%, if you could, now that we are at the end of the year, give us a sense how did specialty chemicals do for FY25? And what would be the mix between pharma and agrochemical at this point in time? The second part to that question is, we have talked about the intermediate prices improving, at the same time we have talked about pricing pressure from China. So, if you could clarify these points.

Rahul Jain: Last year the sales for our Chemicals business overall were roughly about Rs. 6,300 crore. On that side, roughly about Rs. 3,700 crore was Specialty Chemicals business and Rs. 2,600 crore was Fluorochemicals business. This year, roughly the sales are in the range of Rs. 6,700 crore, out of which, roughly about Rs. 3,850 crore is Specialty Chemicals business and Rs. 2,850 is Fluorochemicals business. So share between them has remained in the range of, let's say, 57% - 58% for the Specialty Chemicals business, and 42% - 43% for the Fluorochemicals business. So that's the breakup.

Now to answer your second part of the question, in terms of saying that pricing pressure through China and various other things. This is essentially also something that we saw in the earlier part of the year, H1. To a certain extent, that pricing pressure has come down a bit, we have seen both lower pricing pressure as well as better volume offtake coming through. Again, for FY26 we believe that there is a positive traction that we are seeing from agrochemical customers. While in some pockets there are probably slightly lower positions that are playing out, but we are fairly hopeful that 20% plus growth in the overall chemical business should be achievable going forward.

Share of pharma is, roughly about 6% to 7% from a Specialty Chemicals business perspective.

Arjun Khanna: Just a clarification on the opening remarks. You mentioned we have done debottlenecking and possibly 30% increased capacity. That's for the specialty side of it, Fluorochemicals, or should we read that Rs. 6,700 crore of revenue potentially can have Rs. 2,000 more crore of revenue if demand permits over a period of time?

Rahul Jain: Do not do the math on it, Arjun. What it referred to was Specialty Chemicals business only rather than Fluorochemicals. It was being talked about in the same way when we were talking about the Specialty Chemicals business.

Moderator: The next question is from the line of Naushad Chowdhary from Aditya Birla Sun Life Mutual Fund.

Naushad Chowdhary: Congrats on a good set of number. One question on the fluoropolymer business, I just wanted you to touch upon this in terms of how this business is doing? Acceptance of our specialty polymer? And how much capital so far we have deployed here? And how do you see this in the next two, three years, how this business should look like?

SRF - General [Internal Use] - This mail, document is for general internal use in SRF

Rahul Jain: So, 2 - 3 questions going together, Naushad, let me try and answer each one of them. How is this business doing, I think we have improved on the domestic side in the fluoropolymers business. We have seen better intensity on the fluoropolymers business on fine cut and the free flow grades, export seeding of the fluoropolymer business has also started and we are starting to see some traction on that side as well. Like we said in the opening remarks, I think we will see a positive coming through on the fluoropolymers business during FY26. From a futuristic perspective, we have already announced capex of roughly, Rs. 550 crore or so for three new fluoropolymers PVDF, FEP and FKM. Some of those will get commercialized and completed during FY26. So, from FY27 onwards we should see more fluoropolymer sales coming through. I think those were the questions, if I missed out anything please do repeat.

Naushad Chowdhary: No, that's it. That's helpful.

Moderator: The next question is from the line of Nitesh Dhoot from Anand Rathi.

Nitesh Dhoot: Congratulations on a good set of numbers, sir. So my first question is on the India-UK FTA, if you could please throw some light on what kind of benefits could accrue to us business wise?

Rahul Jain: Nitesh, when we look at our European sales, sales to the UK are very low. So, I do not think that there is a large positive or a negative impact in that sense from an India-UK FTA perspective.

Nitesh Dhoot: Sure. And sir, just one question on the mix of domestic and exports for the chemical segment.

Rahul Jain: Let me do that separately for the Fluorochemicals and the Specialty Chemicals business. Specialty Chemicals business, I would say roughly in the range of about 70% - 71% is exports and the rest is domestic. For Fluorochemicals, 60:40 is the domestic versus export.

Moderator: The next question is from the line of Sanjesh Jain from ICICI Securities.

Sanjesh Jain: My first question is on the refrigerant gas, what was the utilization last year? Now that we have started our AHF plant, would it be fair to assume we'll be using 100% in FY26?

Rahul Jain: Simple answer to that is, yes, from an FY26 perspective. From an overall FY25 perspective, we will probably be roughly in the range of about 70%, because R32 capacity utilization was slightly lower than what we had initially planned because of the AHF thing.

Sanjesh Jain: Got it. And from the pricing perspective, now that we see the inventory level in the US coming down, which adds to the demand, how should we see pricing for the HFC in FY26? Should we hold on to the pricing of FY25 exit?

Rahul Jain: Each gas will play out differently. I think for R32 our pricing has to still play out fully. Whatever we have seen as exit pricing in FY25, that we should be able to sustain and maybe slightly better it going forward. On R134a, I think it should remain flat to slightly positive only. And R125 again should remain flat from where we have seen it exiting in FY25.

SRF - General [Internal Use] - This mail, document is for general internal use in SRF

Sanjesh Jain: Very clear. How should we see R22 now that there is a 50% cut starting from 1st January 2025, we should be using that remaining R22 in our PTFE plant, have you started that?

Rahul Jain: R22 is always being used for the PTFE, Sanjesh. As PTFE capacities grow out and we see full utilization of PTFE capacity, R22's usage for PTFE is only going to increase. There is no doubt on that. But today, pricing is pretty decent from a refrigerant market perspective. We have seen a slight increase in pricing on the R22 side as well. On R22's utilization we will obviously see positive, not just for PTFE, but for other fluoropolymers that will come through over a period of time and for the Specialty Chemicals business also.

Sanjesh Jain: Very clear. One last question on the specialty side, when we speak of 20%, I assume that we are looking at 20% growth in specialty as well. Are we seeing this kind of order book growth coming in because BASF first results showed a quite muted volume growth what they reported couple of weeks back; how does our order book look like?

Rahul Jain: When we are giving you 20% guidance, we have a fairly good confidence in terms of where the order book is. But, if you ask me that do I have 100% visibility of the order book, I would probably say that the visibility is probably in a 70% to 80% range. There will be countermeasures that we will implement, but we have a fairly good sense of how that 20% number is going to be achieved going forward, Sanjesh.

Sanjesh Jain: Very clear, sir.

Moderator: The next question is from the line of Madhav Marda from Fidelity International.

Madhav Marda: First question on the ref-gas business. I think, sir, like you said, we have not seen the full benefit of R32 play out yet, is it fair understanding that in both the export and the domestic market, for us, the R32 benefits will show up more in FY26, especially exports, where if we have certain contracts which reset over a few months or a few quarters, so the full benefit especially on the export side reflects more in FY26. Is that the right way to think?

Rahul Jain: The way we would look at it, Madhav, is that we will have a better volume utilization from an FY26 perspective, given that we should be able to produce more of R32, given that the issues with AHF have now kind of sorted out, so that's a positive. From a pricing perspective, we believe the current pricing should sustain and it should be probably slightly higher going forward. But very difficult to be able to give the exact number. What I can only tell you is, the exit rates for March 2025 were probably higher than what we saw as averages for the entire year.

Madhav Marda: Yes, definitely. But are export prices for R32 playing catch up to our current domestic prices? Is that moving with the lag, the increase that you have seen?

Rahul Jain: There is a difference in seasonality between export volumes and domestic volumes. So they will hopefully catch up with a lag is what I believe firmly.

SRF - General [Internal Use] - This mail, document is for general internal use in SRF

Madhav Marda: Yes. Understood. And sir the second question on the specialty chemical side, from our six, seven AI launches which we are speaking about, could you just give us an update in terms of how many of them maybe are already launched or will be launched in FY26? And how we could see ramp up in the next one or two years from these newer AIs? Thank you.

Rahul Jain: Look, I do not think that position has changed very much, Madhav. We have always said that in FY26 we will see at least two to three AI, more towards H2 is when they will come through. We will give you an update on some of these as we start to see a pickup on volumes. When we look at it from an FY25 perspective, the key AI still remains as P32 only. We have seen some new AIs come through over the financial year, there have been some positive developments that have come through. The ramp up will continuously depend on the customer requirements going forward. Some of these are patented products, and as they launch in various geographies, we will start to see a pickup in volume of these. Very difficult to judge the exact timing, but we are fairly confident that in H2 there will be some positive traction going forward.

Madhav Marda: And just on the capex of Rs. 2,200 crore to Rs. 2,300 crore, could you just split it into different segments? And within chemicals, how much would go into spec-chem and like fluoropolymers etc.?

Rahul Jain: Madhav, I will have to come back to you separately on this. Today what we are implementing in Fluorochemicals, is on the fourth gen gases and the fluoropolymer project on the chemical side. So those are the larger projects that are being implemented. From a performance films and foil perspective, BOPP BOPE, the capacitor grade line and the CPP line are being implemented. So, my sense is that from an FY26 perspective, this will probably be 65% - 70% on the chemicals side and the balance will probably be in the performance films and foil and technical textiles. So that's how the split should be. But I will re-vouch that number and come back to you.

Madhav Marda: Got it. Perfect, sir.

Moderator: The next question is from the line of Pankaj Tibrewal from Ikigai Asset Manager.

Pankaj Tibrewal: Congratulations on the great set of results. Rather than quarterly, just wanted to get a sense on how will the shape look like of the Chemicals business in the next three years. This year we entered at about Rs. 6,700 crore of revenue. If you can just help us from a size and scale perspective, one on chemical? And overall, Company, what is the medium term thought process, Ashish ji and Rahul ji?

Rahul Jain: In terms of the three-year share, I think 20%+ growth going forward should be a key positioning from a Chemicals business perspective. So we ended up with Rs. 6,700 crore of revenue, we will probably be, let's say, Rs. 11,000 crore of revenues plus in three years. I think the split of that probably remains similar between specialty chemicals and Fluorochemicals. Fluorochemicals is also implementing large projects - fluoropolymers as well as the new gen gases. So in three years some of these should have come up and become revenue yielding. So mix remaining the same,

SRF - General [Internal Use] - This mail, document is for general internal use in SRF

I think at 20% - 25% growth we should probably be hitting a Rs. 12,000 crore number going forward.

Pankaj Tibrewal: That's great. And on the BOPP side and in the Technical Textiles, what will the shape of the business look like over the next couple of years?

Rahul Jain: From performance films and foil business, the way we will look at it, is that there are new capacities. Between BOPP-BOPE and CPP, aggregate new capacity expansion of roughly about 50,000 tons to 55,000 tons is happening. Given a similar run-rate in terms of their asset turn, that is the addition that we are looking to get, in the performance films and foil business. Obviously, more value-added products, better realizations, high end products, all of that will keep on taking better shape from a performance films and foil business perspective. But maybe I can come back to you separately in terms of a three-year positioning of where this is likely to end up.

Pankaj Tibrewal: Great and wish you all the best.

Moderator: The next question is from the line of Rohit Nagraj from B&K Securities.

Rohit Nagraj: Congrats on a strong Q4 and FY25. The first question is in terms of the EBIT margins that we have done for FY25, given that you have explicitly said that there was pricing pressure on the specialty chemicals front, so is it safe to assume that the margin expansion is predominantly from ref-gas volume growth as well as the pricing increase that has happened during the course of the years?

Rahul Jain: Rohit, no doubt on that. I would say, from a Q4 versus Q4 perspective, we have seen margin expansion happen in the Specialty Chemicals business also. We have seen significant margin expansion happen in the fluorochemical side and the ref-gas side also. So those are two positives. But from an overall perspective, we had said between 25% to 26%, +/-2% should be the range that we will continue to look at. That story remains pretty much intact, Rohit.

Rohit Nagraj: Sure. That's helpful. And second, just a minor question that the margins that we have reported for the Chemicals business, about 25% EBIT margins for FY25, is it safe to assume that we will be able to at least maintain and better it in FY26, given that conditions probably will further improve from the industry perspective?

Rahul Jain: Rohit like I said, I think the story remains intact between 25% to 26%, +/-2%, even from an FY26 perspective with larger volumes will be the story that will play out. Therefore, both from a revenue perspective and an overall volume perspective, we will start to see bigger positives going forward in the Chemicals business. When we think about overall margins, even a 25% to 26% EBIT margin with a large depreciation is a pretty decent number going forward. The target on that side remains in that range only.

Moderator: The next question is from the line of Meet Vora from Emkay Global.

SRF - General [Internal Use] - This mail, document is for general internal use in SRF

Meet Vora: We have mentioned in the PPT that India and Middle East will drive future growth for refrigerant gases. Is it because that there is a baseline period in both these geographies and we will be pushing more volumes in these markets to gain more quotas? Because I do not think we are strategically moving away from the US as a market, just wanted to get your sense.

Rahul Jain: I think you are right in terms of understanding this, that yes there will be the quota position that plays out in calendar year 2024, 2025, 2026 in these two geographies, India and Middle East. We have the capabilities and the capacity for supplying to these markets, and that's what will play out. We are not strategically moving away from the US market, is also the right comment. The only point is that overall in the US market, while inventories are low today, we will probably see some inventory filling that will happen going forward. The other position is that by law or by Montreal protocol, US will have a lower HFC need, and therefore we will have to balance it out in terms of how we are thinking about that market. Given where our capacity is, we are fairly open to either export or sell in the domestic market, given where price positions are today.

Meet Vora: Understood, sir. Perfect. And just one more question. I just wanted to get your sense on H1 on a Y-o-Y basis, so will it be better given that now ref-gas volumes will grow because of our AHF plant which is there now in place? And also, do we expect spec-chem to grow Y-o-Y in H1?

Rahul Jain: You are talking about H1 FY26?

Meet Vora: Yes, on a Y-o-Y basis.

Rahul Jain: Too early to comment on that, Meet. But thematically, we believe that volumes will be better, both for specialty chemicals and for the Fluorochemicals business. But I think thematically is what we can talk about rather than pure and exact numbers.

Moderator: The next question is from the line of Vivek Rajamani from Morgan Stanley.

Vivek Rajamani: Congratulations on a very strong set of results. The question was on specialty chemicals, the improvement that you were going to see in Fiscal Year 2026, would it be fair to say it's going to be driven largely by increased volumes and cost efficiencies? Or do you think there could also be a positive mix change, either from new products or some pricing improvement? I just wanted to get your thoughts on what will be the biggest driver of improvement in Fiscal Year 2026?

Rahul Jain: I think it is a combination of both, rather than one or the other. We will probably see better volumes for some of the legacy products, newer products that have started to ramp up in FY25 should also see better volumes. So there is a volume positive that will come in, in the Specialty Chemicals business. During H1 we had also seen a lot of pricing pressure, while we saw some improvement in Q4FY25. So we will probably start to see some of that positive coming through as well. And like I said in an answer to a previous question, the AI positions will also start to play out during FY26, more towards H2.

SRF - General [Internal Use] - This mail, document is for general internal use in SRF

Vivek Rajamani: Sure, sir. And just one clarification with respect to the improvement that you are foreseeing in Fiscal Year 2026, that already assumes the two, three new AIs, not from your perspective but from the customer registration perspective, correct? Or do you think that would be a significant upside risk if some of those things fall into place?

Rahul Jain: We are assuming some volumes on the AI side. I cannot tell you the exact numbers, but yes, there are some volumes that we are assuming. Some of these products have already been registered. It's now a question of when the customer starts to launch them and provide more volumes into the market, which will depend on his own business plan, based on which we will start to see volumes on that side.

Vivek Rajamani: Sure, sir. Very clear. But at least for Fiscal Year 2026 you will be able to meet them with the existing capacities that you have in place, that would be a fair statement, correct?

Rahul Jain: I do not think capacity today is too much of a challenge, Vivek.

Moderator: The next question is from the line of Keyur Pandya from ICICI Prudential Life Insurance.

Keyur Pandya: Congratulations to the team for the strong results. Sir, question on the ref-gas side, what is the utilization for the full FY25 for the new R32 capacity or overall HFC? So that is first question. And second on the pricing side, so either because of the news of upcoming newer supplies for R32 or relatively weaker summer season in India, or for any other reason, are you seeing any signs of prices coming down or any moderation?

Rahul Jain: From a capacity utilization perspective, given where the AHF positions were during FY25, some of that has got better significantly and therefore we believe that during FY26 capacity utilization should go up very, very significantly, maybe from current 70% utilization on an average to about 85% - 90% - 95% utilization is where we should end up being from an HFC perspective. On the pricing front of HFC, even with the new capacities that have been talked about, I think they do not come in early part of FY26. Probably towards December is what some people talked about, and those plants will also have to get stabilized. Also, from an overall pricing perspective, I don't see any major challenges or signs pointing to a likely significant reduction in HFC prices, particularly for R32. That doesn't appear to be the case.

Moderator: The next question is on the line of Abhijit Akella from Kotak Securities.

Abhijit Akella: Sir just on the comment regarding the fact that maybe 1H is expected to be a little bit softer than 2H, if I understood it correctly. So just was hoping to get your perspective on what are the factors that sort of lead us to believe that this might be the trend?

Rahul Jain: Abhijit, you have to look at the historical trends on this. Go back to FY20, FY21, even probably earlier, other than FY23 where it was kind of flattish, seasonality does play out a factor from our overall chemical business perspective and an overall business perspective also. So what we were tending to say here is that the seasonality still remains, it has not gone away. We have always

SRF - General [Internal Use] - This mail, document is for general internal use in SRF

seen much higher sales in the Fluorochemicals business happening towards Q4 and Q1. So that seasonality remains. Even in the Specialty Chemicals business, when we think about it from procurement trends in the past, we have always seen Q3 and Q4 to be higher than Q1 and Q2. So, the reference point here is more towards the seasonality that we have seen in the business rather than anything else, Abhijit.

Abhijit Akella: Okay. So just to clarify, in Fiscal Year 2025, we saw a mix of about 42:58 between 1H and 2H, so we can broadly go with a similar kind of trend for next year as well?

Rahul Jain: What I can tell you Abhijit is, when you compare it with corresponding period last year you will see certain positive trends, but the H2:H1 positioning between let's say 60:40 or 65:35 or 55:45 still remains overall.

Abhijit Akella: Got it. And just one last thing, if possible, is it possible to give us some rough sense of how much was revenue from the new projects of PTFE and aluminum foil for the full year?

Rahul Jain: I do not have that number readily available with me. I will check and come back, Abhijit.

Abhijit Akella: Okay, sure.

Moderator: The next question is from the line of Krishan Parwani from JM Financial.

Krishan Parwani: Congrats on the strong set of numbers. Firstly, just clarification, so this Rs. 2,850 crore of Fluorochemicals revenue in FY25, does that include the industrial chemicals revenue also? And what would be the number?

Rahul Jain: Yes, FCB includes all industrial chemicals, all ref-gases (HFCs and HCFCs), CMS, and fluoropolymers to a certain extent as well.

Krishan Parwani: So just wanted to understand what was the industrial chemical revenue for the full year.

Rahul Jain: I do not give out revenue breakups of each of those, because they are subsets and they are interlinked with each other. So this is all that you will get, Krishan.

Krishan Parwani: No problem, because I think in your annual report you do give out, so I thought you might have it handy. No problem, we will wait for the annual report.

Rahul Jain: We have to give out in the annual report. The reason for that is because there is a certain requirement by law to give those. But to a certain extent those are also combined up in large numbers. But we do not give out exact numbers, Krishan.

Krishan Parwani: No problem, sir. And secondly, from a two to three years outlook, how much have we spent on new AI capacities? And when do you expect these capacities to be fully ramped up? Just a three to four-year outlook if you could, please.

SRF - General [Internal Use] - This mail, document is for general internal use in SRF

Rahul Jain: From an AI capacity perspective, as of now we are doing it from our multipurpose plants. Various blocks have been created within those multipurpose plants to manage the requirements. We have a fair sense of how those AI requirements will pan out, and we should be able to meet them up from our existing multipurpose plants, from the agrochemical or the AI intermediate plant that we have put up. As we see larger demands, as we see higher volumes, we will look to put up newer capacities, and obviously those will get announced.

Krishan Parwani: Understood, sir.

Moderator: The next question is from the line of Dhruv Muchhal from HDFC AMC.

Dhruv Muchhal: Sir, just on this US-China tariff issue, are you seeing any change in customer engagements for this reason?

Rahul Jain: To be very frank about it, there is no clarity in terms of how these tariffs will pan out. By the end of June, or mid of July is when all of these positions will play out in terms of what tariffs have been imposed on what entities. Our belief today still remains that the tariffs that will come through on India versus China, there will be a differential, and as long as there is a differential, we should be in good shape. That's how we would budget ourselves in respect to these tariffs going forward.

Dhruv Muchhal: No, I am wondering are customers also thinking similarly and thinking of supply chain changes in favor of India and you also, but as of now nothing changes?

Rahul Jain: There is a 90-day window. They will end up saying that supply me as much as you can, but that 90-day window will also expire at a certain point in time. We have not seen a large change happening in customer behavior due to tariffs.

Dhruv Muchhal: Got it. Perfect. That's helpful.

Moderator: The next question is from the line of Archit Joshi from Nuvama Institutional Equities.

Archit Joshi: Sir I just had one question, rather a clarification from a comment that I am reading from the PPT saying that innovators are expected to introduce more complex and downstream active ingredients. So, I was just wondering how one should read this? Is this the global R&D spends of innovators are going up or are these opportunities by any chance presented to us in the form of any contact development opportunities?

Rahul Jain: Look, the thematic here is outsourcing from global majors. For some of their existing products, for some of their future products, they are saying that manufacturing in Europe is becoming more difficult, and because of this, they are looking at outsourcing opportunities, which is a clear trend that we are seeing. Whether their overall R&D spend is going up or not, I really am unable to comment on that.

Moderator: The next question is on the line of Jason Soans from IDBI Capital.

SRF - General [Internal Use] - This mail, document is for general internal use in SRF

Jason Soans: My first question, Rahul ji, just pertains to, when we look at it from a subsidiaries perspective, of course we have the packaging films there. Now we have clocked in a loss of around Rs. 173 million there for FY25. Just wanted to know from an overall perspective, going ahead in FY26 and FY27, is there a possibility that we can be profitable in the subsidiaries business, if I just take subsidiaries of the packaging from business?

Rahul Jain: What you are doing here, Jason, is you are calculating it on PAT on PAT basis or PBT on PBT basis?

Jason Soans: Yes, sir, so basically it's a consol minus standalone.

Rahul Jain: Profit after tax.

Jason Soans: Yes, that's right.

Rahul Jain: Let's understand the reason for it. It is largely performance films and foil business. When we look at it from an overall basis, because Hungary was going through a tough time, it has ended up being at a PAT loss. As Hungary improves; we should start to see positive PAT contribution on an overall basis within FY26 itself. And the other one Altech, which is the aluminum foil. So, two of these, once they start to show a positive, we will start to see a positive PAT between FY25 and FY26 when you compare standalone versus consolidated also. On the EBITDA side, largely positive going forward as well. For FY25 also EBITDA was a large positive, when we aggregate all of the subsidiary entities.

Jason Soans: Okay. Sure, sir. Thanks for that. My next question is, what I understand, obviously, there is a consensus that probably Ag-Chem is still on improving trajectory or overall, it's just kind of subdued environment there, but on an improving trajectory. Now you mentioned in your PPT that you have seen good traction for your new products as well as certain key agrochemical intermediates. Now I just wanted to know from a directional sense, I mean, of course there are so many intermediates on your product offerings, just wanted to understand from vis-à-vis the competition are we better at these intermediates? Do you think we can buck this trend, and we can have better growth as compared to competition, especially for the spec-chem business, yes?

Rahul Jain: Look, I think two positives and one negative probably. Given our R&D, given our relationships with global customers, given our current product profile, given the number of products that we are currently in stage of developing, the first element should pan out positively in our favor. The negative element is that we are at almost Rs. 4,000 crore turnover, and 20% on Rs. 4,000 crore also means, say Rs. 800 crore of additional revenue that needs to be generated. So, there are positives around it and negatives, we will have to go through and understand how we make more positives than negatives.

Jason Soans: Sure, sir. And finally just wanted to ask, sir spoke about Dymel, which is the pharma propellant. Just wanted to understand, sir, not asking you for an absolute value or something, I understand, but how was the prospect for that looking? I am sure it's an integral part of your Fluorochemicals

SRF - General [Internal Use] - This mail, document is for general internal use in SRF

business. So, I just wanted to know how is the prospect for this pharma propellant of Dymel looking ahead?

Rahul Jain: Two things that you will have to understand, 134a Pharma is a high GWP product relative to R32. There is no timeline with respect to Dymel or the propellant or let's say the 134a pharma piece. Overall, from Dymel perspective, we are roughly at an 80% market share domestically for Dymel as a product and propellant. So going forward, there are positives, one, there is no timeline in terms of this coming down on an overall utilization perspective. The product in itself is also seeing growth going forward. So, I think it should do well, but will remain probably a smaller number from our overall fluorochemical space. No new expansions can happen, but yes, capacity utilizations of 100% (which are probably at 80% today) to be achieved going forward is certainly possible. Certain debottlenecking might happen over a period of time as we see more traction, but it is still a product that is doing phenomenally well from our overall perspective.

Moderator: Thank you very much. Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to the management for closing comments.

Rahul Jain: Thank you very much for being on the call. We hope we have answered some of your questions, if not all. We are happy to connect for any additional questions that you have. Thank you and best of luck.

This is a transcription and may contain transcription errors. The transcript has been edited for clarity. The Company takes no responsibility for such errors, although an effort has been made to ensure a high level of accuracy.

SRF - General [Internal Use] - This mail, document is for general internal use in SRF